

Carroll Klutz
SOCIETY HILL AT UNIVERSITY HEIGHTS
1 Cornerstone Lane
Newark, New Jersey 07103

February 1, 2005

Dear Homeowners:

The Board of Trustees of Society Hill at University Heights III has completed a thorough review of our budget requirements for 2005 and have determined that an increase in the condominium maintenance fee is necessary to ensure that the association can meet its obligations to homeowners and vendors. The current Board has received certified audits for 2002 and 2003, which indicates that the Association is currently operating at a deficit.

Additionally, our financial condition hampers our ability to ensure that the common elements are maintained to provide the quality of life that we all anticipated upon purchase and to further enhance our respective property values.

Finally, the Association is currently engaged in litigation with the original developer to cure construction defects prior to the final transition phase, which is a costly affair.

As a result, the monthly condominium maintenance fee for Society Hill at University Heights III will increase from \$175 to \$225. To ensure that homeowners are provided with advance notice of the change the revised amount will be due on March 1, 2005. Because our budget calculations are based on receiving the additional revenue over a 12-month period, but the increase won't begin until March 1st, this year's maintenance fee will be prorated over a 10-month period so that the same amount of income is collected. As a result, for this year only, the actual amount billed will be \$235.00.

The Board of Trustees realizes that this will present a financial hardship for some, however we have a fiduciary responsibility to act in the best interest of all homeowners. The current Board of Trustees has inherited a legacy of withdrawals from our building reserves to pay for our day-to-day expenses that can no longer be tolerated. The Board of Trustees has an obligation to produce realistic budgets and ensure that generally accepted accounting practices are followed. Be assured, this board will not shrink from that responsibility.

Sincerely,

Board of Trustees, Society Hill at University Heights